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COPY NO. 70

OCI NO. 0423/62

29 June 1962

CURRENT INTELLIGENCE WEEKLY SUMMARY



CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

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37-728522/2

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THE WEEK IN BRIEF
(Information as of 1200 EDT 28 June)

CHINESE COMMUNIST MILITARY ACTIVITIES Page 1

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Indications are that a tense situation exists among the population in this region and that some evacuation is under way. Communist propaganda carries allegations of Chinese Nationalist and US plans for an invasion of the mainland and pictures the build-up as a defense measure. There is no evidence of a concentration of amphibious lift capacity suitable for an attack on the offshore islands.

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SOVIET FOREIGN POLICY DEVELOPMENTS Page 3

While Moscow is treating the situation in the Taiwan Strait with caution, its propaganda support of Peiping appears to be part of a concerted bloc offensive against the presence of US forces in East Asia. Khrushchev wound up his visit to Rumania with a speech reaffirming Soviet interest in further negotiations on Berlin and Germany. However, he branded as distortions Western press stories which imply that Moscow is about to agree to the status quo in Germany; he said that a Berlin solution which terminates the Allied occupation cannot be "postponed indefinitely." Khrushchev has announced that he will make a major address on Soviet disarmament policy at the Moscow Peace Congress, scheduled to open 9 July.

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LAOS Page 7

The provisional coalition government, installed on 23 June, has designated a unified delegation to attend the Geneva conference on Laos. Barring complications, the conference should quickly approve draft agreements designed to ensure Laotian neutrality; both bloc and Western powers have indicated they would support the accords. Phoumi, in Vientiane, appears to be on the alert to maintain his own position and to forestall Pathet Lao dominance of the new government.

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ALGERIA Page 8

Terrorism and sabotage have abated throughout Algeria. Relatively normal activity is resuming in Algiers, and there are signs of reconciliation between the European and Moslem communities. However, the exodus of Europeans, estimated at 250,000 since 1 January, is continuing.

The transition is unlikely to be smooth, however, because of dissensions within the provisional Algerian government and the restiveness of the Algerian National Army.

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CONGO Page 9

Negotiations between Adoula and Tshombé concerning the unification of the Congo were recessed on 26 June, and the future of the talks is once more in doubt. Although Adoula agreed to Tshombé's request for a recess, he refused to sign a UN-drafted communiqué which emphasized "progress" in the talks; subsequently he implied that he regards further negotiations as useless. Adoula apparently now hopes that the UN will take the initiative in unifying the Congo, by military means if necessary.

THE BERLIN WALL Page 10

Warmer weather and the summer vacation season will probably bring an increase in incidents along West Berlin's sector and zonal borders as more and more East Germans, reacting to food shortages and a generally unsatisfactory economic situation, try to escape. West Berlin leaders are already showing concern over the number of escape incidents, the frequency and seriousness of shootings, and efforts to destroy the wall with explosive charges. They believe the wall gains in political significance from acts of desperation on the part of the East German populace, the aggressiveness of the Communist security personnel, and the activities of West Berliners in abetting escape plots. They fear that Moscow may cite this "dangerous problem" as a means of increasing pressure on the West to accept Communist terms for a solution of the Berlin problem.

YUGOSLAVIA'S DETERIORATING ECONOMIC SITUATION Page 13

Yugoslavia appears headed for its second straight year of disappointing economic performance and is facing increasingly serious economic problems. Crop prospects are poor, and the rate of industrial growth has been falling. The country already has an unfavorable balance of trade and a heavy external debt. The US Embassy in Belgrade believes that "some infusion of convertible funds or postponement of external debt maturities may be necessary...to break the vicious spiral that seems to be setting in."

BELGIAN GOVERNMENT ENTERING CRITICAL PERIOD Page 15

The Social Christian - Socialist government in Belgium is entering a critical period. A bitter dispute between the anticlerical Socialists and the church-oriented Social Christians over educational policy is threatening to come to a head. In addition, the left-wing Socialists are planning to make trouble over the recent Belgian-US atomic cooperation agreement. The government is also likely to be bitterly attacked if violent anti-Belgian outbreaks occur in Rwanda and Burundi when these former Belgian colonies become independent on 1 July.

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RWANDA AND BURUNDI Page 16

Termination of the Belgian trusteeship of Rwanda and Burundi on 1 July will give free reign to intense tribal animosity within each of the new states and bitter quarrels between them. Belgian troops leave about 1 August, along with European administrators and technicians. Even before the Belgian troops go, violent struggles involving both tribal and interstate relations are likely.

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COMMON MARKET RELATIONS WITH AFRICA Page 18

The six Common Market (EEC) countries will resume negotiations next week with 16 African states on a new EEC-African association convention. The Six have resolved most of their own differences over the complex questions involved in this particular issue, and prospects for an accord by the end of the year--when the 1957 convention expires--are generally favorable, since the EEC is offering the Africans substantial trade, aid, and even political advantages. Nevertheless, the negotiations are bound to be difficult, and complications may arise over the extension of association to the African members of the Commonwealth and to a free Algeria. Moscow is trying to convince underdeveloped countries that the EEC is neocolonialist.

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JAPANESE DIET ELECTIONS Page 20

Triennial elections to the upper house of the Japanese Diet on 1 July are not expected to produce significant changes in the relative strengths of the two major parties, the ruling Liberal Democrats and the opposition Socialists. Afterward, however, Prime Minister Ikeda will face major policy decisions and possible challenges to his leadership from rivals within his party. The elections also may all but eliminate the moderate Democratic Socialists, the third largest party, formed in 1960 by defectors from the more extreme Socialist party.

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TURKEY'S NEW GOVERNMENT Page 21

Members of Premier Ismet Inonu's Republican People's party were named to most of the key posts in the coalition cabinet formed on 25 June. The government's dependence, however, on two unstable minor parties which do not fully

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support Inonu's economic austerity and reform measures may enable the opposition Justice party to erode his support in the legislature. Inonu was forced to raise the specter of renewed military intervention to bring his cabinet together and end the four-week crisis. [REDACTED]

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BRITISH WEST INDIES Page 23

Following Trinidad's independence, scheduled for 31 August, Premier Williams will probably press for renegotiation of the 1961 Defense Areas Agreement with the US. Jamaica's Premier Bustamante, now in Washington, will arrive in London on 2 July, probably seeking aid and training for Jamaican defense forces after independence--due on 6 August. Meanwhile, developments in Grenada may result in that island's union with Trinidad. [REDACTED]

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NEW SALVADORAN PRESIDENT Page 25

Lt. Col. Julio Rivera takes office as president of El Salvador on 1 July. Working through provisional governments, he and his army reformists have already made an effective start on a program of social and economic reforms, but face continuing opposition from extremes of both right and left. Wealthy groups see the program as a threat to their interests and have cut back needed private investment, while the Communists fear the program's appeal to the poorer classes. As long as Rivera retains the support of the armed forces and can prevent significant economic deterioration, the extremes can only seek to keep unrest alive against the day when a coup appears more feasible. [REDACTED]

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PERU Page 26

Haya de la Torre has gained a substantial lead in the official returns of the 10 June election, but may fall short of the one third of the total vote needed to win without congressional action. [REDACTED]

[REDACTED] Belaunde threatens to lead an armed insurrection if he is not elected, but military leaders will suppress any such move. [REDACTED]

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SPECIAL ARTICLES

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INDO-NEPALESE RELATIONS Page 5

Indo-Nepalese relations, long strained, may deteriorate further as a result of recent Chinese Communist overtures to Nepal. Since the expiration on 2 June of the Sino-Indian trade agreement, China has been trying to obtain through Nepal a number of commodities on which India imposes export restrictions. Peiping may also seek to embarrass India by offering Nepal military assistance. Katmandu would resent efforts by India to restrict Sino-Nepalese trade or to prevent Nepal from establishing closer diplomatic or military relations with China.

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PROBLEMS OF DE-STALINIZATION IN THE USSR Page 8

The problem of deciding who should share the guilt for Stalin's crimes poses a dilemma for the Soviet regime in determining the pace and extent of de-Stalinization. This question has been widely and publicly discussed in Soviet literary circles. Liberal writers--mostly of the younger generation--have condemned writers successful under Stalin, while those of the older generation hold that much of what was written in that period is still valid. Basically the same dilemma exists in all fields, and the hesitant course of de-Stalinization to date is probably due more to this essentially insoluble problem than to any high-level opposition to the principle of de-Stalinization per se.

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CHINESE COMMUNIST MILITARY ACTIVITIES

nist ability to defeat such an attack. In a further effort to implicate the US in Taipei's plans, Chinese Communist Foreign Minister Chen Yi stated at a Peiping rally on the 25th that the US must bear full responsibility for the "grave consequences" arising from an assault on the mainland. The Chinese propaganda is probably intended in part to encourage Western pressure on the US to restrain the Chinese Nationalists from any military action.

Moscow and the European satellites have rebroadcast a summary of the 23 June Chinese Communist statement without comment, while the Asian Communist regimes and Albania have added press comment echoing Peiping's warnings. TASS, citing Western reports that warships of the Seventh Fleet are being moved into the Taiwan Strait, charges that the United States has begun "another provocative show of military strength off the shores of the Chinese People's Republic."

Concurrent with Peiping's denouncement of the invasion threat, mass anti-Nationalist rallies have been held, at which pledges to "annihilate" the "Chiang Kai-shek gang if and when it invades the mainland" have been voiced. The mass meetings appear to have stressed primarily defensive themes, with no effort being made to stimulate sentiment for offensive military action against Taipei.

Extensive use of the invasion theme among the mainland populace suggests that Peiping may be exploiting it to generate support for some of its current domestic programs. During the 1958 Taiwan Strait crisis, the organization of the communes and the backyard steel drive were promoted in a similar fashion.

Several reports indicate that some evacuation of residents from coastal areas is under way. Although the

Propaganda

A Peiping statement on 23 June charged that the Chinese Nationalists, with the support and connivance of the US, are preparing to invade the mainland. This statement was given wide dissemination to both foreign and mainland audiences. On 25 June, a People's Daily editorial reiterated the theme of impending assault from Taipei and stressed the Commu-

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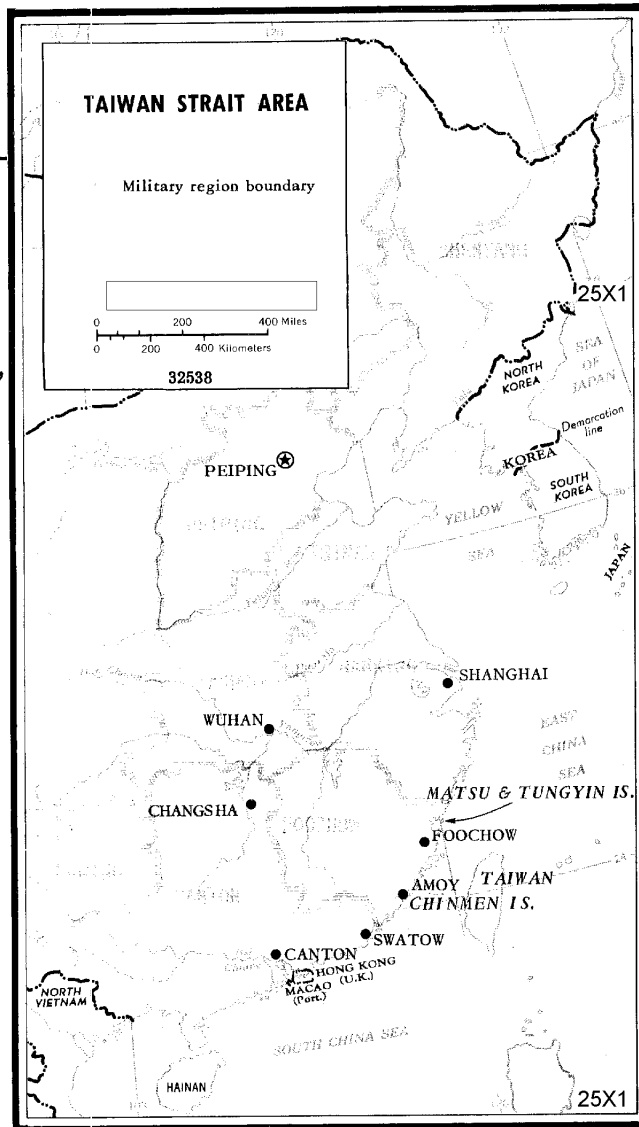
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evacuation is ostensibly in connection with preparations against invasion, it fits Peiping's program for the removal of some 30 million unemployed urban workers and their dependents to rural areas. There have been strong indications during the past few months that this program was meeting with widespread resistance.

Chinese Communist Intentions

There have been some indications during the past week that the Chinese Communists still consider the balance of Communist, US, and Nationalist armed forces in the Taiwan Strait area unfavorable for an all-out attack on the offshore islands. Peiping's 23 June statement on the invasion threat appeared to concede that the Chinese Nationalists are able to "hold onto Taiwan and other coastal islands" because they are "shielded" by US armed forces.

It is probable that the Communist armed build-up along the Taiwan Strait reflects real apprehension by Peiping over the possibility of Chinese Nationalist military action against the mainland aided by the US. It is likely that the build-up was designed mainly to discourage such action. There is a strong possibility that a Chinese Nationalist attack--even an airdrop of special forces--would bring Chinese Communist retaliation in the form of military pressure against the offshore islands.

**Chinese Nationalist Reaction**

Spokesmen have been restrained in their comments on Communist military moves and propaganda broadcasts, and Nationalist newspapers are urging a "political offensive" before military action is taken.

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Taipei is concerned over the fact that recent publicity on the Taiwan Strait situation places it in an unfavorable light by characterizing the Communist build-up as defensive.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****SOVIET FOREIGN POLICY DEVELOPMENTS**Asia

While Moscow is treating the specific situation in the Taiwan Strait with caution, the support it has given Peiping by rebroadcasting Chinese propaganda statements appears to be part of a concerted bloc propaganda offensive against the presence of US forces in East Asia. The USSR expanded this offensive on 26 June through a request to the UN acting secretary general that the withdrawal of foreign troops from South Korea be placed on the agenda of next fall's UN General Assembly. Moscow radio has also charged that the US is preparing a series of "particularly serious provocations" this autumn against North Korea.

North Korea last week launched a major propaganda campaign demanding withdrawal of US forces from South Korea, and Pyongyang has sent a memorandum along these lines to "parliaments of all the countries of the world." Pravda followed this up by reporting a mass meeting in Pyongyang demanding Korean reunification, and the Soviet Trade Union organization has sent a "solidarity" message to its North Korean counterpart supporting reunification and the withdrawal of foreign forces from South Korea.

On 27 June TASS broadcast an attack on the continued presence of US troops in Thailand after the establishment of a coalition government in Laos, and asserted that "imperialist circles have turned Thailand into a dangerous springboard of aggression threatening the peace and security of all Southeast Asia." This developing bloc campaign, focused on charges that US forces in Korea, Japan,

Taiwan, and Southeast Asia constitute a threat to the peace and security of the entire area, may be intended to lay the groundwork for future strident claims that crises in the area will recur so long as US forces remain there.

Berlin

During the past week, the USSR maintained its uncompromising stand on the Berlin and German issues while reaffirming its readiness to resolve these questions through negotiations with the West. Reflecting the somewhat sharper tone apparent lately in the Soviet attitude toward the Berlin problem, Khrushchev in his 24 June speech in Bucharest warned that the "good will and patience" of the USSR in the US-Soviet talks must not be used by the Western powers to avoid a solution of the problem. He acknowledged that the "most clear-sighted" Western leaders understand the necessity of resolving disputes by peaceful means. He again cited the Laos agreement as an example for reaching a solution to the German problem and mentioned the Warsaw Pact declaration of 7 June as evidence of Moscow's desire to work toward reaching a "mutually acceptable solution."

Khrushchev accused Western correspondents of "distorting" an earlier speech by making it appear that the USSR intends to abandon its previous stand and accept the present situation in Germany. He reiterated the standard Soviet demands and concluded that the evacuation of the occupation troops from West Berlin, together with the creation of a free, demilitarized city is the "only road which would make the situation healthy."

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The Soviet leader's warning that a solution of the Berlin question could not be postponed indefinitely was repeated in a Soviet-Rumanian communiqué published on 25 June following his visit to Rumania. The communiqué called attention to "recent provocations" in West Berlin and implied that the West was carrying these out under cover of the bilateral talks. The communiqué restated Moscow's position on all outstanding East-West issues and declared that "if in the future" the Western powers show reluctance to reach an agreed settlement, a separate peace treaty with East Germany will be signed.

Marking the 21st anniversary of the Nazi attack on the Soviet Union, Marshal Malinovsky in the 22 June Pravda accused the Western powers of attempting to pursue the same policies which led to World War II and asserted that they would "like to turn the German problem into a trial of strength." He declared that the peace treaty "must and will be signed," but went on to mention the Warsaw Pact declaration as reflecting Moscow's interest in seeking a negotiated settlement.

Pravda of 21 June published Walter Ulbricht's views on the German problem as set forth in a speech before the East German National Congress, held on 16-17 June. The East German party boss alluded to "certain results" which had been achieved thus far in the US-Soviet talks and claimed that President Kennedy, unlike Chancellor Adenauer, took into consideration a "certain recognition of the status quo." However, Ulbricht reiterated the Communist demand for the withdrawal of NATO

forces from West Berlin and contended that no one takes "seriously" the West's proposal for an international access authority composed of 13 states. He suggested that a small number of "police forces" provided by neutral states or by the three Western powers and the Soviet Union could take the place of NATO forces in West Berlin.

Moscow has played Secretary Rusk's Western European trip in comparatively low key, while claiming that West German leaders, in conversations with the Secretary, have reflected Bonn's intention to prevent "by all means" an early solution of the German problem. Commenting on Rusk's trip to West Berlin, the official East German news service stated that the Secretary was "reserved" in his remarks and particularly singled out his statement regarding the need to continue the bilateral discussions with the USSR. A 21 June Pravda commentary attacked the speeches made by Mayor Brandt and Adenauer in connection with Secretary Rusk's visit to West Berlin as amounting to the adoption of a "policy of provocations."

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While citing the development of a draft treaty on general and complete disarmament as the "main task," the communiqué endorsed the principle of concurrently "agreeing on partial measures which would ease international tension and create a climate of mutual confidence." It cited as "major measures" in this field establishment of denuclearized zones in various parts of the world, prevention of the further spread of nuclear weapons, the renunciation of their use, conclusion of a nonaggression pact between NATO and the Warsaw Treaty organization, and withdrawal of troops from foreign territories. The communiqué claimed that the Western powers "unfortunately" show no desire to reach agreement on these "overdue" questions.

On several occasions during his visit to Rumania, Khrushchev briefly alluded to the need for general and complete disarmament and Western opposition to it. In contrast to his speeches in Bulgaria, he did not make sarcastic references to the Geneva disarmament conference. However, his host Gheorghiu-Dej, addressing a Bucharest mass meeting on 24 June, did complain that the results achieved so far by the conference are "far from satisfactory," and that at the present pace, the final articles of the treaty will be discussed "by the grandchildren of those now taking part in the negotiations."

Khrushchev sent greetings to the Accra "World Without the Bomb Assembly," admonishing the participants that achievement of general and complete disarmament depends on breaking the resistance of those selfish interests who "gamble irresponsibly"

Disarmament

The Soviet-Rumanian communiqué of 25 June contained the first authoritative bloc comment on the Geneva disarmament conference since the 14 June recess. The document claimed that these talks have shown that the Western powers still oppose realistic disarmament measures, and instead seek to organize a widespread system of military espionage under the guise of disarmament controls. It charged the Western powers with making "hypocritical statements" on disarmament at Geneva while in fact stepping up the arms race, particularly with the current US nuclear test series.

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with the destinies of whole nations. He expressed the view that the "broader the front of peace champions" and the closer their ranks, "the sooner a decisive victory will be scored over the forces of war and aggression."

In a recent informal conversation with a member of the US delegation at Geneva, Indian delegate Lall saw two "crucial" issues facing the disarmament conference: Soviet insistence on elimination of nuclear weapons and their delivery vehicles in the early stages of a peace treaty; and US insistence on verification of agreed levels of retained armaments. He thought that the US would have to "give" on the Soviet position and the USSR on the US position if the conference was to be successful.

In this connection Lall asserted that he had told Soviet delegate Zorin just prior to the recess that the Soviet position on verification was "weak." According to Lall, Zorin in his response had given "some indication" that his government was aware of this and "was going to do something about it." Soviet delegates had earlier indicated, however, that there would be no change in the Soviet position after the recess.

Communist Front Meetings

In a recent letter to Canon Collins, one of the leaders of the British anti-nuclear weapons movement and a sponsor of the forthcoming Moscow Peace Conference, Khru-

shchev announced that he would make a major address on Soviet disarmament policy at the conference, scheduled to open 9 July. Collins had sent messages to the government leaders of the powers represented at the Geneva disarmament conference soliciting their views on the disarmament issue. 25X1

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LAOS

Laos' provisional coalition government was invested on 23 June after a drawn-out dispute over the wording of the installation ordinance. Its first major act was to appoint a seven-member delegation headed by Foreign Minister Quinim Pholsena to attend the 14-nation Geneva conference on Laos--scheduled to be resumed on 2 July.

The conference, convened in May 1961, has almost completed work on accords designed to ensure Laotian neutrality. Barring new demands by Communist representatives, the few remaining issues should be quickly resolved. Formal signing of the agreements has also awaited promulgation of a declaration of neutrality by the Laotian Government and the presence of a unified delegation in Geneva.

The Soviet Union continues to devote little attention to the Laotian situation, treating it as a chapter that is drawing to a close. The relatively low-keyed propaganda statements concerning the presence of US troops [] suggest that the USSR does not intend to make withdrawal of these a condition to a final settlement. It is probable, however, that the Communists will use the conference at Geneva to develop considerable propaganda noise, asserting that peace and security in the area, without which Laos cannot develop as a free and neutral nation, is impossible so long as US troops remain. That Moscow expects the conference to move fairly smoothly is suggested by Khrushchev's repetition on

24 June of his earlier remark that the Laos settlement should be considered a model for the way other disputed issues, such as Berlin and Germany, can be resolved. He did enter a hedge against the possibility that difficulties might arise, however, by noting that maneuvers by "reactionary forces" might complicate a settlement.

In Vientiane, the question of transferring authority from ministers in the former Vientiane government to incumbents in the Souvanna coalition is causing confusion and friction. Neutralist Foreign Minister Quinim complained to Ambassador Brown on 26 June that two former ministers had refused to yield their posts, allegedly acting under instructions from General Phoumi. On 27 June, Phoumi issued a directive stating that all administrative levels in the country would be responsive to orders from the outgoing ministers, who temporarily were to continue their former functions. Phoumi claimed that this procedure had been approved at a cabinet meeting on 24 June, but this appears to be a liberal interpretation on his part, and his action will probably bring protests from the Pathet Lao.

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In the few days since the coalition has been in office, Phoumi has demonstrated that he intends to be on the alert to maintain his own position and to counter Pathet Lao influence. He recently protested successfully to Souphannouvong over unauthorized press releases by Phoumi Vongvichit, the Pathet Lao minister of information in the coalition cabinet. []

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CURRENT INTELLIGENCE WEEKLY SUMMARY

ALGERIA

Terrorism and sabotage have almost ceased in Algiers and are abating in Oran and other cities. Relatively normal activity is resuming in Algiers, and there are signs of reconciliation between the European and Moslem communities. However, the exodus of Europeans, estimated at 250,000 since 1 January, is continuing.

French Foreign Minister Couve de Murville recently told Secretary Rusk that he expected Algerian independence to be proclaimed on 5 July, with the present Provisional Executive designated as a provisional government.

The transition to independence is unlikely to be smooth because of dissensions within the provisional Algerian government (PAG) and the restiveness of the Algerian National Army (ALN). PAG vice premier Ben Bella's quarrel with premier Ben Khedda and the "moderate" wing of the PAG came to a head during the early June meeting of the National Revolutionary Council and appears to be so

deep-seated as to preclude any permanent reconciliation. The PAG's failure to make an agreed public comment on the 17 June truce arranged by the Provisional Executive and representatives of the Secret Army Organization (OAS) indicates the increasing dissension among the Moslem leaders. There are some indications that Ben Bella is heeding advice not to aggravate the dispute.

The PAG will probably dissolve itself as soon as independence is announced. Its present members would then campaign for seats in the Algerian assembly, possibly running as a list from the city of Algiers, where their popularity is highest relative to the ALN's influence.

The US Consul General in Algiers believes that the PAG and the French Government, in order to prevent Ben Bella and the hard-line faction of the ALN from disrupting the Evian accords, are cooperating to delay the return to Algeria of the ALN units in Tunisia and Morocco. The French Army has apparently not yet withdrawn from its positions along Algeria's frontiers, and there may be clashes with ALN units attempting to enter immediately after independence.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

CONGO

Negotiations between Adoula and Tshombé concerning the unification of the Congo were recessed on 26 June for the second time since they began on 18 March. As at the time of the April recess--when Congolese troops attempted to prevent Tshombé's aircraft from leaving--the Katangan leader's departure from Leopoldville was again accompanied by angry recriminations. Premier Adoula refused to sign a UN-drafted communiqué which emphasized areas of agreement between the two sides, and the future of the talks is once more in doubt.

In three months of palaver, Tshombé has agreed to little more than the establishment of joint commissions to recommend solutions for outstanding issues. On arriving in Elisabethville, he emphasized that he had made no binding commitments, but stated that he was prepared to meet further with Adoula and that "much remains to be done." In Leopoldville, Adoula scarcely disguised his frustration at his inability to bring Tshombé to heel. Adoula warned that peaceful means of ending Katanga's secession "appear to be exhausted," and he called upon the UN to carry out its mandate to bring about a unified Congo.

The latest breakdown in the talks appears linked in part to internal problems facing both leaders. Adoula may have felt that a communiqué which revealed how little progress had been achieved would have serious repercussions on his position. His foreign minister, Justin Bomboko, is under heavy political attack in the Congolese Senate,

ostensibly for bypassing that group in certain dealings with the UN; Adoula had indicated that he will seek to forestall a censure motion against Bomboko. Adoula's pique at Tshombé probably stems in part from a belief that Tshombé timed his departure to provide new ammunition for critics of the government.

Tshombé, on his side, had been importuned by various advisers to return to Elisabethville, where rumors of a UN military move to occupy the mining towns of Jadotville and Kolwezi have again increased tension. On 22 June, Katangan Foreign Minister Kimba charged the UN and the United States with plotting to occupy mining centers in order to collect export revenues on behalf of the central government.

Unrest in Elisabethville probably will be eased by Tshombé's return and by his assurances that he made no commitments to Adoula.

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Adoula nonetheless regards the next move as up to the UN, and if assistance is not forthcoming he may be forced once again to fall back upon the maladroit Congolese Army in an attempt to end Katanga's secession. If Tshombé returns to Leopoldville at all, it is expected to be after 11 July, the date on which his followers will celebrate the second anniversary of Katanga's "independence."

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Warmer weather and the summer vacation season will probably bring an increase in incidents along West Berlin's sector and zonal borders as more and more East Germans, reacting to food shortages and a generally unsatisfactory economic situation, will try to escape.

West Berlin leaders are already alarmed by the number of escape incidents, the frequency and seriousness of shootings, and efforts to destroy the wall with explosive charges. They believe the wall gains in political significance from acts of desperation on the part of the East German populace, the aggressiveness of the Communist security personnel, and the activities of West Berliners in abetting escape plots. They fear that Moscow may cite this "dangerous problem" as a means of increasing pressure on the West to accept Communist terms for solving the Berlin problem.

Since 23 May, when West Berlin police killed an East German guard named Goering, who was sitting on a graveyard wall shooting at a wounded 14-year-old escapee, there have been almost daily shootings on the Communist side of the borders and several exchanges between East and West Berlin police. Goering's death sparked a loudspeaker war across the wall, with the Ulbricht regime charging that West Berlin "murderers" and assassins" were endeavoring to sabotage the US-Soviet talks on Berlin. Goering was given a state funeral.

In a radiobroadcast on 27 May, Mayor Brandt pledged that West Berlin police would use small-arms fire if necessary to assist anyone seeking to flee. The Ulbricht regime increased the size of its security patrols, particularly in the central and more heavily populated part of the city, and began building concrete bunkers and reinforcing barriers at strategic points along the sector border. Trenches were dug behind the zonal border, and new observation posts were built opposite the British and French sectors. By 30 May the size of the East German security patrols had returned to normal, but shootings continued. Several East Germans--one attempting to swim the Spree River--were killed on 5 June.

The West Berlin police countered on 18 June by building shelters and watchtowers reinforced with sheet steel and digging trenches on their side of the wall. They were issued steel helmets and their radio cars were equipped with M-2 carbines.

In recent months, fifty to sixty refugees have been registering weekly at Marienfelde reception center in West Berlin. Perhaps half as many flee across the interzonal border directly to West Germany. In Berlin, there are some group escapes (through tunnels or such means as the recently commandeered river excursion boat), but most refugees seek to flee alone or with a single companion--usually by

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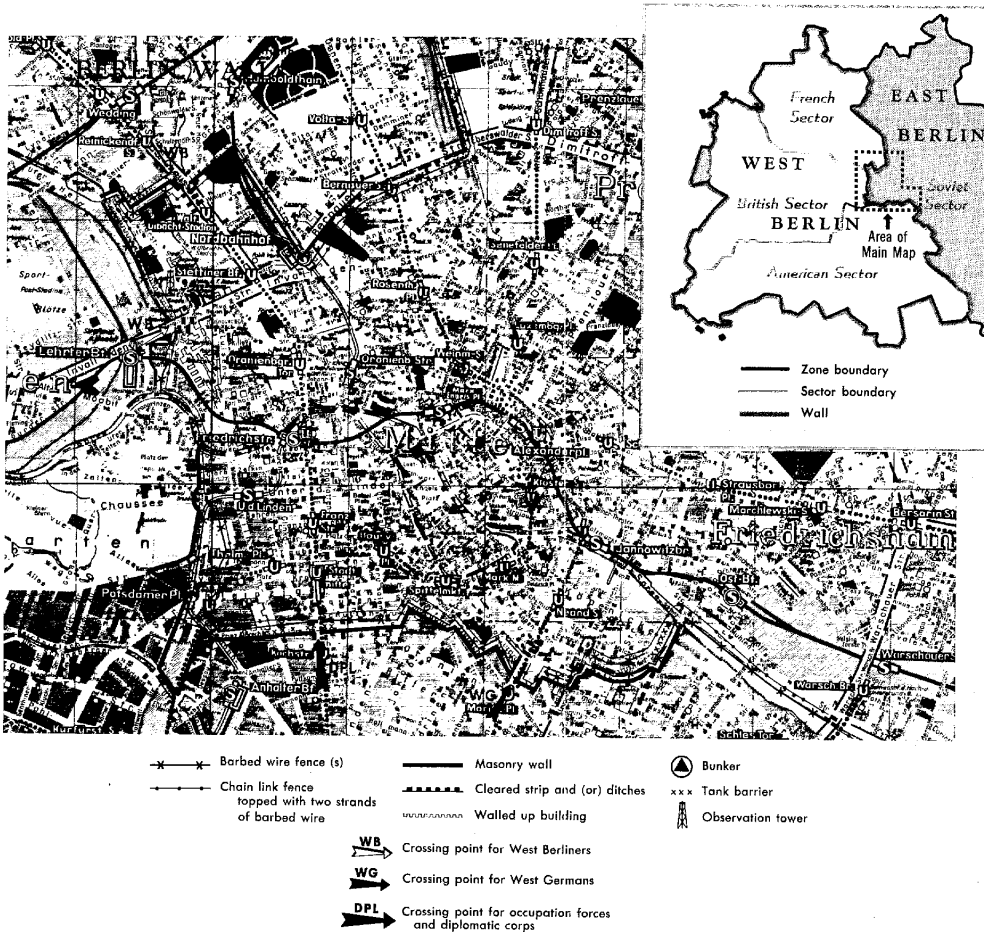
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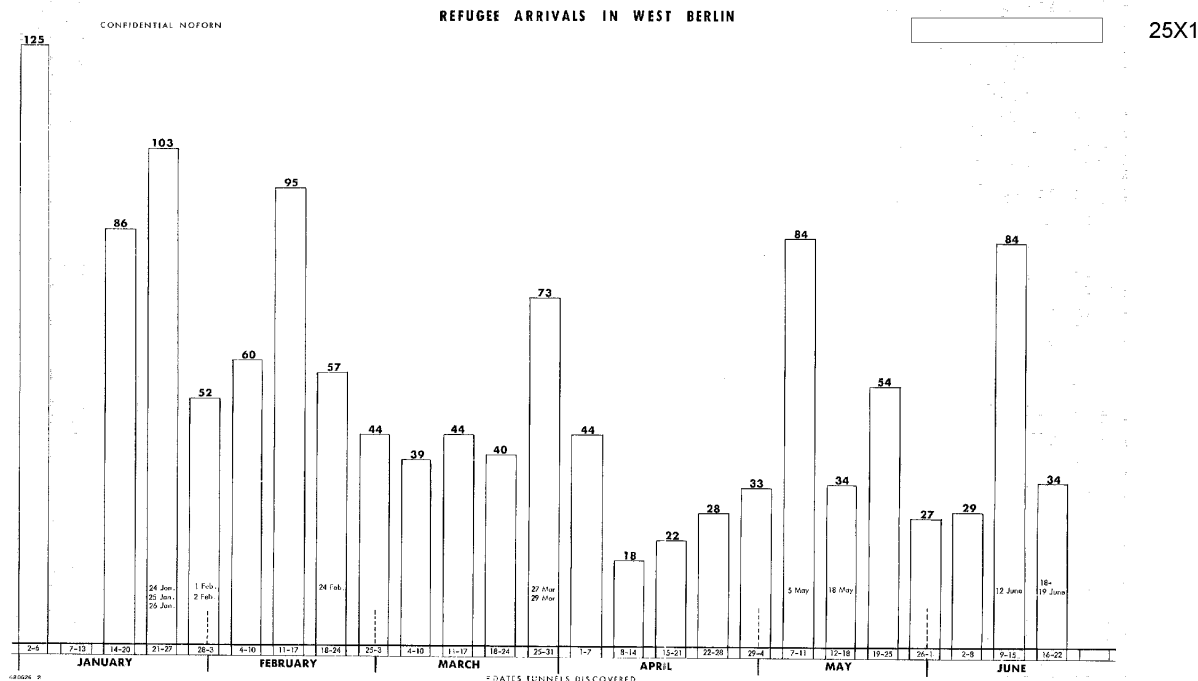
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crossing where the border runs through sparsely populated or wooded areas or by swimming one of the canals which form part of the border. To prevent underwater escapes, East German police last weekend began sinking barbed wire concertinas into the canal beds and installed heavy wooden gates, strung with wire, at midchannel.

There is no way of estimating how many would-be refugees have been apprehended or killed. West Berlin authorities have reported that at least 30 have died in sight of the border--six in the past month--and gunshots are heard almost daily from somewhere behind the border surrounding West Berlin.

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Many East Germans and East Berliners flee with the direct assistance of the West Berliners, chiefly university students. When alerted in advance, West Berlin police hide near the border to help if needed. On 18 June, during such an escape, an East German guard was shot and killed, apparently by one of his comrades. The Ulbricht regime hailed the dead guard as a "martyr" and buried him with great ceremony, as in the case of Goering.

Tunnels have become a common means of escape. West Berlin students, many from the technical and mining faculties of the Free University, apparently have made use of city planning maps and first-

hand knowledge of the city's streets, elevated train lines, and sewer systems to plot excavations from buildings immediately adjacent to the border into nearby East Berlin buildings.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

YUGOSLAVIA'S DETERIORATING ECONOMIC SITUATION

Yugoslavia appears headed for its second straight year of disappointing economic performance and is facing increasingly serious economic problems. Crop prospects are poor, and the rate of industrial growth has been falling. The country already has an unfavorable balance of trade and heavy external debt.

The 1962 economic plan called for an increase of 23 percent in overall agricultural production above the depressed level of 1961. As a result of adverse weather, however, wheat and rye production will almost certainly fall for the third consecutive year. This year's crop is estimated at 2,800,000 metric tons, approximately 1,200,000 tons below annual domestic requirements. If the corn crop is no better than last year's, as seems likely, the regime will be deprived again this year of a major dollar-earning export.

Industrial production was to rise 13 percent each year under the current five-year plan (1961-65). However, it rose only 7 percent in 1961 and even less in the spring of 1962. The increase over the comparable period in 1961 was 5 percent at the end of March 1962, 4 percent at the end of April, and only 3 percent at the end of May. This

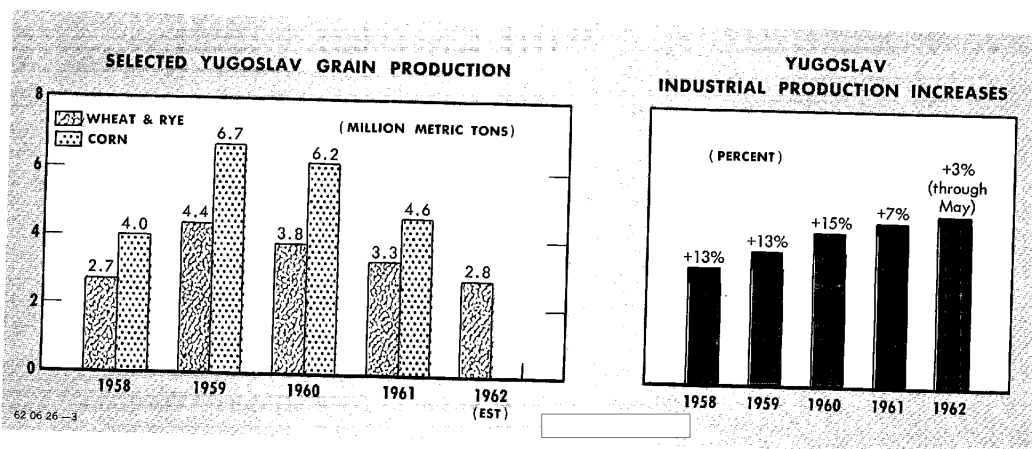
declining growth rate is in part the result of deflationary policies adopted to curb the excessive spending stimulated by an economic reform program begun last year. In addition, a foreign-exchange shortage has affected the production rates of those industries using foreign parts or raw materials.

As a result of the situations in industry and particularly agriculture, exports in the first five months of 1962 rose only 5 percent instead of the 18 percent planned. At the same time, imports rose 8 percent and the balance-of-trade deficit 10 percent. Yugoslavia has been slow in repaying some types of commercial credits and recently asked Italy, the largest holder of short-term loans, to defer for eight years all payments due during 1963-65.

Current regime policies should, in the opinion of the US Embassy in Belgrade, ultimately strengthen the economy, but plans will probably need additional revision. Yugoslav planners now apparently intend to extend target deadlines of the five-year plan.

The public is naturally reluctant to make sacrifices in the improved but still low

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standard of living. In recent months, regime leaders had been issuing hard-hitting statements on economic problems, their causes, and proposed solutions. A speech of this type by Tito on 6 May apparently so alarmed the public, however, that he subsequently pledged there would be no "belt tightening" for the people.

Tito also indicated, as have other regime leaders, the abandonment of certain economic plans which were essentially politically motivated and which aroused opposition particularly in the industrially developed north. Federal investment in the backward southern areas of the country is apparently now to be curtailed in favor of similar investment in the north which will pay off more rapidly.

Belgrade is also attempting to hearten the public by playing up the few positive developments which have occurred this year, such as the small improvement of its balance of trade with Western Europe and the increase of industrial exports.

The embassy believes that "some infusion of convertible funds or a postponement of external debt maturities may be necessary to get unused plant capacities into operation and to break the vicious spiral that now seems to be setting in." It also notes that the Yugoslavs may have to import as much as \$140,000,000 worth of agricultural products, the foreign exchange for which is not readily available.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****BELGIAN GOVERNMENT ENTERING CRITICAL PERIOD**

The next few weeks will be a critical period for Belgium's Social Christian - Socialist coalition government. A number of difficult problems remain to be solved in the remaining days of this parliamentary session, any one of which could split the coalition and bring down the government.

Chief of these problems is the dispute over the Education Ministry, which the Flemish Roman Catholics of Prime Minister Lefevre's Social Christian party propose to divide into separate French and Flemish offices. This has aroused violent objections on the part of French-speaking, anti-clerical Socialists, who believe that the plan is a device to extend church influence in education. Both coalition parties feel strongly enough on the issue to go to the polls if necessary, and a compromise solution will not be easily reached.

The government's fiscal reform bill continues to cause friction in the coalition. A watered-down version passed the Chamber after prolonged and acrimonious debate and now goes to the Senate, which has reluctantly agreed to consider it before adjournment on 10 August. Its passage, however, is not yet assured. Rejection of the program even in its present limited form would be a serious setback to the Belgian economy, which has long been plagued by an antiquated tax system producing neither sufficient public revenue nor investment incentive. Conservative elements within both the Social Christian party and the opposition Liberal

party have cooperated in chopping back the Lefevre program, which has so far been kept alive by the support of the Socialists and the labor wing of the Social Christians.

Spaak, who has just returned to Brussels from New York where he attended the UN debate on the coming independence of the Belgian trust territories, Rwanda and Burundi, will have his hands full keeping the more militant elements of his party in line. In addition to dealing with the Education Ministry dispute, Spaak faces the task of quieting the noisy antimilitary elements within his party who are disturbed over the signing of the atomic cooperation agreement with the US in May. By arranging to have the agreement signed in Washington with no publicity, Spaak apparently had hoped to avoid a public row. The Socialist leader in the Senate, however, has asked for a parliamentary interrogation of the foreign and defense ministries, and the Socialist press is charging that the agreement violates the 1960 Socialist party congress resolution against the use of strategic nuclear weapons by Belgian forces and against nuclear weapons stockpiling on Belgian territory.

Finally, in the present bruised state of Belgian public sentiment about African questions and the UN, Spaak will almost certainly have to cope with a situation verging on the explosive if independence for Rwanda and Burundi--set for 1 July--is accompanied by major anti-Belgian violence.

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RWANDA AND BURUNDI

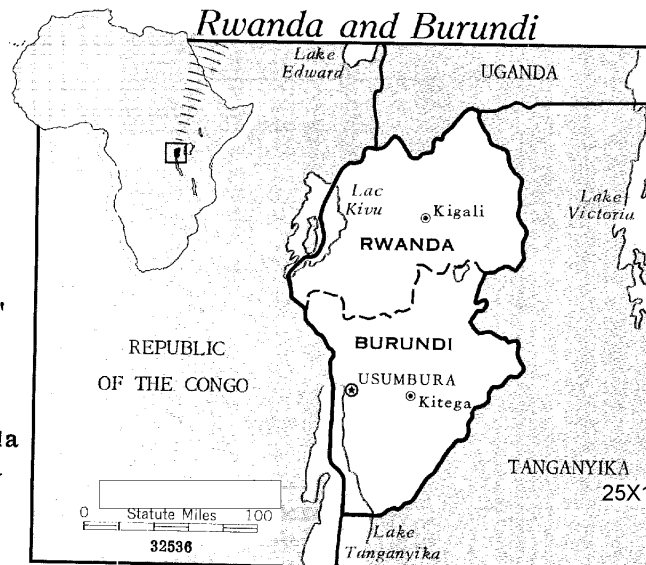
The Belgian trusteeship of Rwanda and Burundi ends on 1 July, and Belgian troops will leave about a month later, along with European administrators and technicians. Even before the Belgian troops go, violent struggles involving both tribal and interstate relations are likely. The unsettled situation in these territories grows out of an as yet incomplete "revolution" by the Hutu people--85 percent of the population in each country--who want to throw off the centuries-old social, economic, and political monopoly held by the Tutsi tribal aristocracy.

In 1960-61, the Hutus in Rwanda organized, with Belgian assistance, a Hutu Emancipation Movement (PARMEHUTU) and took over the native government of that territory. Led by Gregoire Kayibanda, now president and premier, they formed an all-Hutu government, forced the incumbent Mwami Kigeri V to flee, and abolished the Tutsi monarchy.

A similar Hutu "revolution," also encouraged by the Belgians, began to germinate in Burundi but has not fully developed. The Tutsis' position is still stronger in Burundi than in Rwanda because the two principal Burundi parties, the Party of Unity and Progress (UPRONA) and the Front Commun, while containing Hutu

elements, are controlled by competing Tutsi leaders. In September 1961, the anti-Belgian UPRONA led by the Tutsi ruler's son, Prince Louis Rwagasore, won territorial elections and took over the government.

Each government has since sought to consolidate its position by eliminating its internal opposition. In Rwanda, the struggle is along strictly tribal lines, and Hutu harassment of the Tutsi population has resulted in the flight of some 142,000 people into neighboring territories. The Tutsi refugees, in turn, have acquired rifles and machine guns and have organized so-called "inyenzi"

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cockroach terrorist groups which raid into Rwanda.

The Tutsis, organized in the Rwanda Union party (UNAR) with a program of restoring the monarchy, have won the sympathy of radical elements in the Congolese government at Leopoldville and of the UAR and other radical African states. They are probably receiving arms and money from some of these sources. The Hutu leaders early this year admitted UNAR representatives in the government, but both Hutu and Tutsi leaders still appear to believe that the only solution to their problems is extermination of their rivals.

The Tutsi-dominated UPRONA government of Burundi, headed by Prime Minister André Muhirwa, a son-in-law of the Mwami, gained no sense of security from its electoral victory. Since gaining power it has bent all its efforts to destroy any opposition and to oust the Belgians as rapidly as possible. Members of the Tutsi Batware clan--who constituted the leadership of the defeated opposition--retaliated last October when they assassinated Prince Louis Rwagasore. The atmosphere of aggravated insecurity created by this assassination in turn has enabled extremists to take control of the governing party

and has fostered the formation of an UPRONA youth group which habitually beats up opposition leaders and killed five of them last January.

While this clan fight continues, involving Hutus and Tutsis on both sides, there are signs that the struggle in Burundi is changing into a Hutu-vs.-Tutsi conflict like that in Rwanda. Hutus within UPRONA are loudly complaining about Tutsi domination of the party and favoritism shown Tutsis in government posts. These Hutu elements--including assembly leaders and ministers in the Muhirwa government--reportedly are aiming to wrest control from Muhirwa in order to establish a republic. The Mwami, who could serve as a force for moderation, is still popular but politically ineffectual.

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Relations between Rwanda and Burundi are similarly bitter. Both states have flatly rejected the idea of political union, and each government is seeking to help its sympathizers in the other state. The sheer weight of Hutu numbers would seem to favor an eventual Hutu takeover in both states, but the Tutsis will not give up without a real fight.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****COMMON MARKET RELATIONS WITH AFRICA**

The six Common Market (EEC) countries will resume negotiations next week with 16 African states on a new EEC-African association convention. The Six have resolved most of their differences over the complex questions involved in this particular issue, and prospects for an accord by the end of the year--when the present convention expires--are generally favorable. Hard bargaining is likely, however.

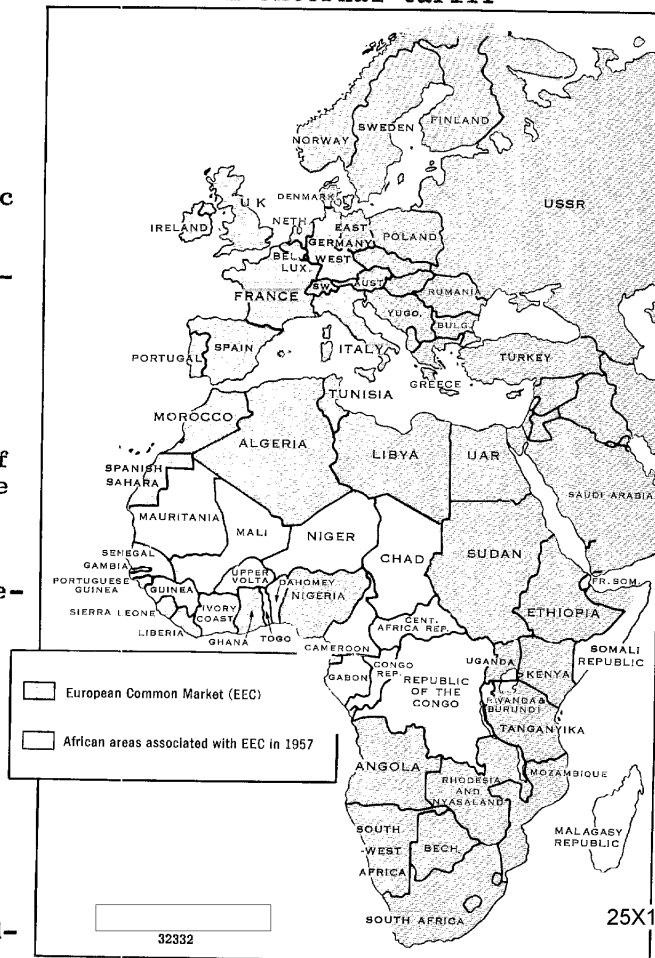
The EEC countries reached a concerted position on a new convention only last week after months of bickering centered on the kind and volume of developmental aid the EEC will offer the Africans and the trade ties which will link the two areas. The new aid fund will total \$780,000,000 over the next five years--a \$200,000,000 increase provided by substantially larger contributions from Italy, West Germany, and France. The bulk of this increase, however, will be allocated to assisting the Africans in marketing and diversifying their production, leaving about the same amount available as before for economic and social development.

The aid increase is intended in part to compensate the Africans for a reduction in the level of preference their exports have heretofore enjoyed in the Common Market. Exports of the associated states will continue to enter the EEC tariff free, but EEC tariffs applicable to such items when imported from nonassociated areas will be reduced in general by about 25 to 40 percent. These arrangements are the result of a compromise between the French, who insisted on continuing tariff preferences, and the Germans and Dutch, who share the US belief that such preferences distort the economic development of Africa and hurt the nonassociated competitor in, say, Latin America.

The trade and aid problems of African association have tended to overshadow political as-

pects which may in the long run prove of equal importance. While the present associates had little or no voice in setting the terms of the old convention, they will participate as sovereign states in the current negotiations, and elaborate institutional arrangements are being planned to assure them a major voice in supervising implementation of the new accord.

The consensus in Brussels is that the Africans will ultimately accept something close to the proposals the EEC now is in a position to present. Negotiations with 16 states are bound to be difficult, however, and some of them are already proving adept in mounting counterpressures for the kind of agreement they want. Chad, Congo (Brazzaville), Central African Republic, Gabon, and Cameroon are putting the finishing touches on a common external tariff

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which will apparently be applied to the EEC countries--excepting France--if no convention is signed. The US may also be discriminated against in the process. Complications may also arise from the expected extension of association

to the African members of the Commonwealth and perhaps to a free Algeria. Finally, it remains to be seen what success Moscow's propaganda will have in convincing underdeveloped countries that EEC association is neo-colonialism. 25X1

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JAPANESE DIET ELECTIONS

The triennial elections to the upper house of the Japanese Diet on 1 July are not expected to produce dramatic political changes. At stake are half of the 250 seats--75 in local districts and 50 at-large, all for six-year terms--plus two vacant seats with unexpired three-year terms.

Most informed observers believe that there will be a small voter turnout and that the elections will not produce significant changes in the relative strengths of the two leading parties, the majority Liberal Democrats and the opposition Socialists. Each is expected to gain a few seats.

Substantial changes may occur, however, in the upper house strengths of the minor parties. The Democratic Socialist party (DSP), which was formed in 1960 by defectors from the more extreme Socialist party, lost 23 of its 40 seats in its first lower house election that year and, with nine of its 16 seats in the upper house now at stake, appears headed for a comparable loss this time. The DSP's survival is likely to be nominal at best.

The Communist party, with two of its three upper seats at stake, is hard-pressed to return its incumbents and there is a possibility that party chairman Zanzo Nosaka will fail to be re-elected. The Soka Gakkai (Value Creation Society), a conservative nationalist religious group associated with the Nichiren sect of Buddhism which first entered politics in 1956, has grown rapidly to include 2,500,000 households, possibly 4,500,000 voters, and may increase its seats from 9 to 15.

It has not yet sought representation in the more powerful lower house.

Polls conducted by major newspapers have revealed contradictory trends in voter thinking. On the one hand, the popularity of Prime Minister Hayato Ikeda's government has declined, partly because of its lack of flamboyance and failure to fulfill economic promises, and partly because of a marked rise in consumer prices attributable to the government-fostered industrial expansion program. On the other hand, there appears to be satisfaction with Ikeda's foreign policies. His effort to develop a new sense of national independence, by seeking rights in the US-administered Ryukyu Islands and by fostering within a basically pro-Western orientation closer commercial relations with the USSR and Communist China, has been particularly popular.

Within his Liberal Democratic party, Ikeda's two-year tenure as prime minister is enough by itself to induce restlessness among his rivals. While Ikeda's re-election on 14 July as party leader is a foregone conclusion, there are indications that several factional leaders, including former Prime Minister Kishi, are preparing to try to undermine him during the coming year. Although there is speculation that Ikeda might abandon his "tread softly" policies after the elections, maneuvering by his rivals may lead him to proceed cautiously, or perhaps make no moves, on major policy questions as the best means of denying his opponents opportunities to attack him and thus of staying in office.

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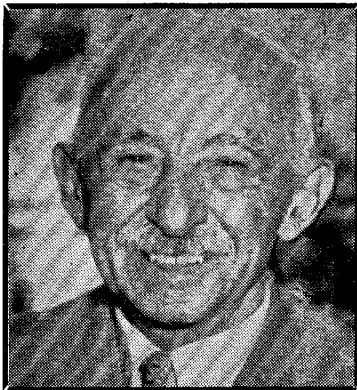
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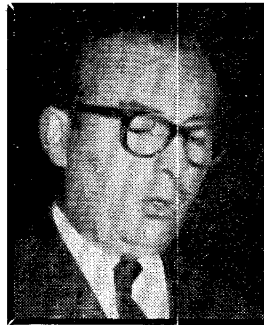
TURKEY'S NEW GOVERNMENT

Turkey's new coalition cabinet is heavily weighted with members of Premier Ismet Inonu's Republican People's party (RPP), including the capable economic development coordinator, Turhan Feyzioğlu.

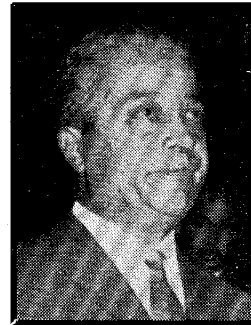
President Gursel's acceptance of the cabinet on 25 June ended a four-week-old crisis that followed the collapse of Inonu's previous government. However, the new regime's dependence on two unstable



ISMET INONU
Prime Minister
Republican Peoples Party



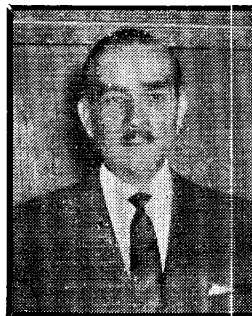
TURHAN FEYZIOĞLU
Minister of State
Deputy Premier
Republican People's Party



NECMI OKTEN
Minister of State
Independent



ILHAMI SANCAR
Minister of National Defense
Republican Peoples Party



SAHIR KURUTLUOĞLU
Minister of Interior
Republican Peoples Party



EKREM ALICAN
Deputy Premier
New Turkey Party

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minor parties leaves it vulnerable to harassment from the legislative opposition.

Inonu's followers hold the strategic ministries of interior, defense, foreign affairs, finance, and industry. Feyzioglu, who has been the moving spirit behind Turkey's efforts to align its economy more closely with the West, has been promoted to deputy premier. Through the new State Planning Commission, he has brought the various ministries' development plans into a Five-Year Plan for economic growth that has won the approval of prospective suppliers of capital in Western Europe. Feyzioglu is identified with stringent fiscal policies, including tax reform.

Feyzioglu's appointment may hamper cooperation between the diverse factions of the coalition, however. Both minor partners, the New Turkey party and the Republican Peasants Nations party, are ideologically closer to the economic expansionist policies of the opposition than to those of the RPP, which the public identifies with austerity and repressive measures of the 1940s.

Inonu was forced to raise the specter of renewed military intervention in order to bring these diverse groups together in a cabinet. This tactic underlined his lack of broad public appeal, and will probably contribute to forming a public image of him as a puppet of the military.

The Justice party (JP), now in opposition, indicated during the recent deadlock in coalition talks that it would not be averse to rejoining Inonu's present coalition. The issue of amnesty for former associates of Menderes, which the JP pressed during the later months of its earlier coalition with Inonu, has been in abeyance recently. The JP will probably revive this issue, however, if it does not soon obtain a role in the government, and may resort to general obstructionism in the legislature.

Even in a negative posture, the Justice party will constitute a continuing serious threat for Inonu. Party discipline is weak in the minor coalition parties, and some of their members as well as independents will be tempted to leave Inonu and ally themselves with the JP on specific issues.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****BRITISH WEST INDIES**

Despite London's efforts to persuade Trinidad's Premier Williams to commit himself to his obligations under the 1961 US - UK - West Indies Defense Areas Agreement (DAA), Williams will probably request that the agreement be renegotiated after the proclamation of Trinidad's independence--now set for 31 August. At the London constitutional conference concluded on 8 June, Trinidad agreed to assume the obligations of treaties entered into on its behalf by

Britain. Williams insisted, however, that this would not prejudice his right subsequently to "question the validity" of any such treaty or obligation.

In this connection, he mentioned particularly a 1942 British-Venezuelan territorial agreement. Colonial Office officials concluded from the tenor of his remarks that his real intention is to reopen the issue of the US naval station and

BRITISH WEST INDIES**SECRET**

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radar research facility at Chaguaramas. Williams' recent complaints about alleged inadequacies and delays in US aid promised in connection with the Defense Areas Agreement--which he signed as a member of the now defunct West Indies Federation--probably were intended to justify a later request for renegotiation. London officials also believe that Williams intends to press the UK to agree to give Trinidad the status of an overseas territory associated with the Common Market. Williams probably desires this partly to protect Trinidad's petroleum industry and partly for prestige. On his current visit to France, Williams is promoting the idea of a "Caribbean Common Market"--another indication of his continued aspiration to area leadership.

The Colonial Office attributes Williams' relatively circumspect behavior at the constitutional conference to his desire to achieve independence in time to permit his attendance at the 10 September Commonwealth Prime Ministers' Conference. The desire to avoid racial conflict also contributed to the compromise reached between Williams and Trinidad opposition delegates on constitutional provisions for amendment, protection of minorities, and election regulations. However, local East Indian fear of domination by the Negro majority is likely to persist because of Williams'

reputation for domineering highhandedness and the known racist attitudes of some of his ministers.

Meanwhile in earlier negotiations in London Jamaica had agreed without qualification to accept the obligations of the Defense Areas Agreement after independence on 6 August. London, however, will retain responsibility for the Turks and Caicos Islands (formerly Jamaican dependencies) and thus for the site of the US missile-tracking facility on Grand Turk. Premier Bustamante, now visiting Washington, is anxious to combat Cuban subversion. He reportedly wants to discuss aid, equipment, and training for the Jamaican defense forces during his visit to London beginning on 2 July.

With regard to Grenada, where the government's financial malfeasances recently forced London to suspend the constitution, the Colonial Office believes that new elections to be held there soon may result in Grenada's opting to join Trinidad, instead of participating in the new federation of Barbados and the Windward and Leeward Islands as presently planned.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****NEW SALVADORAN PRESIDENT**

Lt. Col. Julio Rivera's inauguration as president for a five-year term on 1 July will return El Salvador to full constitutional government for the first time since President Jose Lemus was overthrown in October 1960 by a combination of extreme leftists and rightists. The unicameral legislature elected last December is expected to cooperate with Rivera. All its members belong to the National Conciliation party (PCN), which the army reform group, now led by Rivera, formed after ousting the Communist-influenced junta which succeeded Lemus. The provisional governments since then have been allied with the PCN and have effected many badly needed economic and social reforms in their 18 months in office.

Rivera's main problems will be economic dislocations--some the temporary by-product of changes in government policies--and the attempts of El Salvador's small but well-organized Communist party to arouse political tensions and discredit the government as "a military dictatorship subservient to the US." The handful of wealthy families which dominated the Salvadoran government and economy until 1961 are at least partly responsible for lack of progress in solving either problem. Most of them work actively against the government's reform program because they consider it a threat to their interests.

Rivera has made conciliatory overtures to some of the more reasonable representatives of the wealthy families. Although private investment is still below the level needed for satisfactory economic development, the flight of capital has been reduced, and there are other indications of an improvement in business confidence. An ex-

panded public works program being put into effect will also help to reduce unemployment.

Representatives of the conservative elements, including ex-President Oscar Osorio, are known to be in contact from time to time with the Communists, whose influence is strongest among students, teachers, and some urban labor unions. Both groups have an interest in fomenting unrest as a precondition to a possible coup if the economic situation deteriorates or if Rivera loses the support of the armed forces.



The 41-year-old Rivera, a professional officer, has considerable political acumen. His political appeal with the masses is strong and has been described [redacted] as combining that of a paternalistic caudillo and a social and economic reformer. His main problem will be to maintain enough momentum in his reform program to retain his popular support in the face of the forces opposing him and such basic problems as El Salvador's lack of trained personnel, the coffee-based economy, and high population density. [redacted]

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PERU

Official returns from Peru's 10 June presidential election--with counting about 95 percent complete--on 28 June gave Haya de la Torre a 12,000-vote lead over Belaunde Terry. The final count, however, may leave Haya in the lead but with less than one third of the total vote, in which event the new congress will select the president after it convenes on 28 July.

The three major parties--Haya's APRA, Belaunde's Accion Popular, and Manuel Odria's UNO--have already initiated conversations in attempts to organize congressional coalitions. No combination has been ruled out as yet, but the two most likely are APRA-UNO, with Haya as president, and Accion Popular-UNO, with Belaunde as president.

Belaunde has threatened to launch an armed rebellion if he is not elected. He led a march of his supporters on the presidential palace after the failure of his presidential campaign in 1956 and was subsequently jailed on charges of sedition after several inflammatory speeches to his followers in Arequipa.

While the military leaders prefer Belaunde to Haya as president, they will not tolerate any attempt by Belaunde to gain the presidency by force. They have been warned by the Venezuelan foreign minister and by representatives of the Venezuelan armed forces that other hemisphere governments are not likely to recognize any provisional government the Peruvian military might seek to install by extraconstitutional means.

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INDO-NEPALESE RELATIONS

Indo-Nepalese relations, which have been strained for some time, may deteriorate further as a result of new Chinese Communist overtures to Nepal, following expiration on 2 June 1962 of the Sino-Indian trade agreement of 1954.

King Mahendra of Nepal is jealous of Nepal's sovereignty and apparently determined to maintain a balance in relations with India and Chinese Communist - controlled Tibet. Throughout 1962, however, his relations with New Delhi have been made difficult by the fact that exiled leaders of the Nepal Congress party in India have been conducting armed raids on government outposts in Nepal and seeking to harass the Nepalese Government. A visit by Mahendra to New Delhi in April 1962 did little to improve relations between the two countries but seems to have arrested the worsening trend.

Sino-Indian Trade Decline

A new element was added to the situation early in 1962 when it became apparent that, despite overtures from Peiping, New Delhi did not intend to renegotiate the Sino-Indian trade agreement. Indo-Tibetan trade, which totaled \$6,360,000 in 1957 and \$7,602,000 in 1958, had steadily declined to a trickle following the Tibetan revolt of 1959. In May 1962, according to the Indian press, the Chinese authorities in Tibet announced that Tibetan commodities could be obtained only in return for goods whose export had for some time been restricted by India. These included motor parts,

tires, gasoline, cement, corrugated iron sheets, and medicines.

The government of India, upon expiration of the trade agreement, announced that henceforth Tibet would be considered a foreign territory subject to the same tariffs and customs duties as any other foreign country. Parliament was informed on 11 June that arrangements were being made to dispose of the assets of Indian private traders in Tibet and to bring these traders back to India. Nine reportedly returned on 3 June, while 19 were still in Tibet at that time.

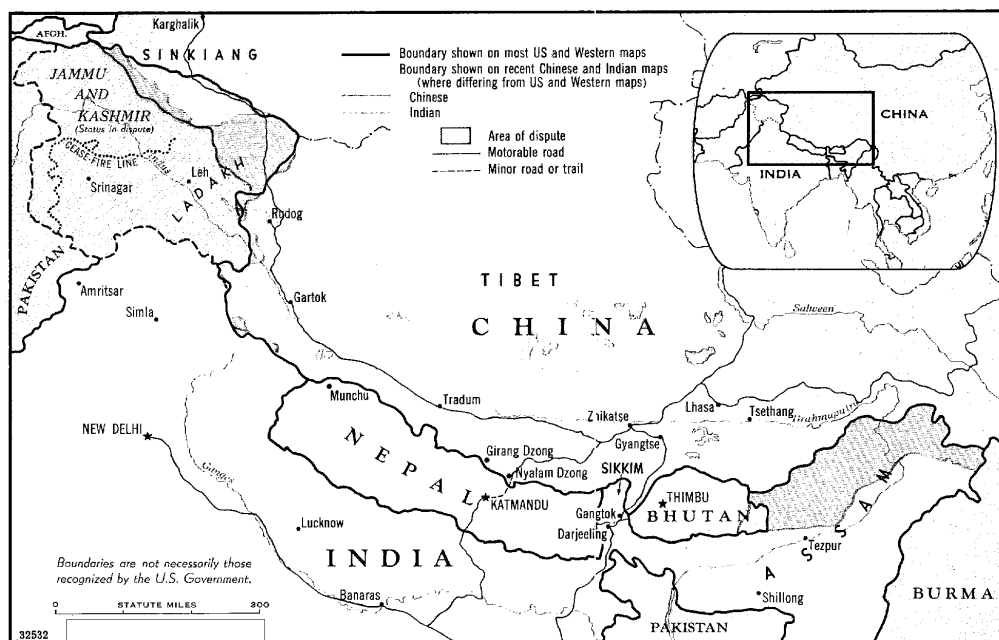
Sino-Nepalese Trade Increase

The new restrictions on-- and consequent drying up of-- Indian trade with Tibet apparently led simultaneously to increased Chinese interest in trade with Nepal. On 11 April, the Indian Parliament had been told that China was deliberately seeking to divert Tibet's trade with India to Nepal. In late April and early May, the American Embassy in Katmandu reported an increase in private trade between Nepal and Tibet. As evidence, it cited one Nepalese trader who dispatched about 80,000 pounds of rice to Girang Dzong (Kyerong Dzong), Tibet, and mentioned 1,000 porter loads of crude sugar seen by an embassy officer being carried to the same town. Another embassy officer saw Indian-made tires and motor parts moving from Katmandu toward Nyalam Dzong (Kuti) in Tibet.

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Tibetan traders in Nepal have been consigning to the latter town heavy truck tires and kerosene as well as large quantities of sugar, rice, and other foodstuffs packed in one-gallon tins in order to avoid detection. For the same reason, the shipments have been dispatched by unusual routes.

A Reuters report of 26 June stated that during the past few weeks, the Chinese had begun imposing customs duties on goods entering and leaving Tibet and Nepal. While this move could be part of China's present general effort to conserve foreign exchange, it could also serve as pressure on the Nepalese to sign the trade agreement.

Illegal Indo-Nepalese Trade

Increased opportunities for trade with Tibet are likely to make private Nepalese traders look more eagerly toward India as a source of imports which can

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be re-exported to Tibet at favorable prices. Any difficulty experienced by these traders in getting from India the items on which New Delhi has placed export restrictions would almost certainly lead to a significant growth in smuggling across the Indo-Nepalese border. This would irritate the Indian Government, which is taking an increasingly aggressive attitude toward Communist China.

New Delhi has no desire to upset its delicate relationships with Katmandu and thereby encourage King Mahendra to turn toward China for support. It might therefore be inclined to permit the continuation through Nepal of the relatively small trade in restricted items which India previously carried on directly with Tibet. On the other hand, it might feel that leniency in this regard would encourage the growth of other illicit trade here and elsewhere which it would feel constrained to minimize. Indian officials of the Ministry of External Affairs have recently told American Embassy officers that India might have to place strict controls on exports to Nepal if the Katmandu-Lhasa road should become an important artery by which strategic Indian goods reached Tibet.

Peiping Overtures to Nepal

Furthermore, the initiative may not remain in Indian hands if, as seems likely, China tries

other means to increase its political influence in Nepal and to create friction between Nepal and India. Since at least early 1961, Nepal has made overtures to obtain from the United States a number of civilian and military items such as helicopters, radio sets, parachutes, and rifles and ammunition. Its stated reason is that it is either dissatisfied with the quality of items it has received from India or that it cannot get these items from India.

When faced with delay, Nepal in early 1962 purchased two helicopters from the USSR on terms amounting to a gift, and took delivery in mid-May of the first of three small AN-2 (Colt) type single-engine transport biplanes given King Mahendra by Communist China in 1961. It also obtained a number of radio sets from China in early 1962. Any Chinese effort to press these contacts further by inviting Katmandu to accept arms and ammunition would make it very difficult for the Indian Government not to interfere more actively in Sino-Nepalese relations.

Indian diplomatic representations, or even the imposition of stricter Indian border trade controls, would provide anti-Indian elements in Nepal with an excuse to agitate against supposed Indian efforts to dominate or dictate to the sovereign state of Nepal.

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PROBLEMS OF DE-STALINIZATION IN THE USSR

The dilemma which faces the Soviet regime in determining the pace and extent of de-Stalinization was mirrored in a speech by prominent novelist Anatoly Sofronov at a recent Soviet writers' conference. Although his remarks referred only to the literary community, the ticklish question to which he addressed himself is at the very core of the de-Stalinization problem: was everything done under Stalin bad; and if so, are all those people who were active or successful in that period to be held responsible for the widespread suffering caused by Stalin?

The vocal liberal faction among Soviet writers--consisting of many young writers and some older ones who were active under Stalin but now are trying to make amends--by and large has answered these questions in the affirmative. Many writers of the older generation, however, including Sofronov, refuse to follow their contemporaries in rejecting everything achieved under Stalin merely because of Stalin's crimes. They maintain that much that was done in that period is still valid.

Among writers, this debate, which often has sharp personal overtones, has been carried on under cover of literary criticism. The most recent flare-up between hard- and soft-line writers occurred when liberal writers vituperatively attacked V. Kochetov's novel, The Obkom Secretary, for the hero's reluctance to accept the denigration of Stalin. It was quite obvious that the real target was Kochetov himself, a party-liner detested by liberal writers. The "hards" defended Kochetov's hero equally strongly, and eventually the regime intervened with a

Kommunist article which took a middle line.

Sofronov in his speech deplored the bitter personal tone of the controversy, but the debate over Kochetov's novel was clearly only one aspect of his concern. Critics of The Obkom Secretary had charged, among other things, that Kochetov's hero, an "ideal official," was so grief-stricken over the damage to his idol's reputation that he remained callously unmoved on learning of the suffering resulting from Stalin's crimes. This charge implicitly accused defenders of the novel of wishing to gloss over the Stalin era and pictured its critics as concerned with righting past wrongs.

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As Ilya Ehrenburg recently said, "Even involuntary participation in Stalin's acts lies like a stone on the heart of every man of my generation."

Some writers of the Stalin era have joined forces with the liberals, but others, including Sofronov, have denied that their whole life's work--or even part of it--is discredited because of what Stalin did. "No one," Sofronov said, "will succeed in casting out everything we did, just because of those tragic facts and circumstances which resulted from the cult of personality." In an obvious effort to refute those who would discard his generation

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as a "Stalinist" aberration irrelevant to the future development of Soviet literature, Sofronov asserted that an "unshakable succession of generations" was and always has been a characteristic of Soviet literature, and that no era could be separated from the one before or after. Consequently, he implied, the Stalinist period is an integral part of Soviet literature, and present-day writers are its heirs.

The correct way to describe the Stalin era, Sofronov suggested, was to emphasize its link with the present, rather than merely to denigrate those who until recently had been the subject of fulsome praise. Sofronov urged writers to portray people who even then were able to see the "difficult and tragic" nature of the times in which they were raised, and to stress the internal strengths of the Stalin period out of which had come the contemporary hero.

At the same time, Sofronov deplored bitter literary polemics of the Kochetov type. He condemned the use of literary criticism as a vehicle for name-calling and for settling personal accounts, which in his opinion artificially set one writer against another and tended to obscure the basic unity among writers of all generations.

Sofronov's defense of his generation will probably not convince his critics, particularly since many of his contemporaries have turned their backs completely on the Stalin era. However, in pleading that the other side also has a case, he has at least added a new dimension to the debate.

One major obstacle to Sofronov's plea for greater understanding is the lack of communication between his generation and the next. The rationalization which led many of the older generation in the 1930s to accept Stalin for the sake of political stability, or in the name of the revolution, has no counterpart now. To most of the younger generation, who see only the more dire consequences of such a compromise, the Stalinist generation was guilty of a moral betrayal which nothing can excuse. The fact that some of the older writers have joined and even led the current liberalization is to the younger generation tantamount to an admission of guilt; for that reason, it is unlikely that the contention of Sofronov and other Stalinist writers that what they did was right under the circumstances will ever find a sympathetic hearing among the militant younger writers.

These questions have been debated more openly in the literary community than elsewhere, but the problem is basically the same for de-Stalinization in the political field: where does one draw the line between the guilty and the victims in Soviet society? In fact, the hesitant course of de-Stalinization to date probably owes more to this essentially insoluble problem than to any high-level opposition to the principle of de-Stalinization per se. Here again, the impatience of the younger generation with what it regards as an equivocation generates a pressure for greater liberalization, which at times may prove difficult for the regime.

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